

28 January 2019

Western Gate Private Investments Limited

Western Gate calls for the removal of David Maloney, Chairman and John Nicolson, Senior Independent Director of Stock Spirits

Western Gate Private Investments Limited (“Western Gate”) a 10% long term shareholder in Stock Spirits, calls for the removal of David Maloney, Chairman and John Nicolson, Senior Independent Director (“SID”) of Stock Spirits and the immediate commencement of a process to appoint independent replacements using an independent executive search firm. These Board replacements should engender a culture of diversity, challenge the Executives’ growth strategy, its execution and optimize the Company’s capital allocation policies. At the upcoming AGM, Western Gate will be voting against the re-election of David Maloney and John Nicolson and urges fellow shareholders to do likewise. The Board needs a new culture and culture is set from the top.

Following significant shareholder value destruction at Stock Spirits as a result of poor financial performance and lost market share since its IPO, Western Gate successfully requisitioned for the removal of the CEO and the appointment of two new independent non-executive directors to provide the Board with a fresh perspective and relevant experience in May 2016. Changes achieved as a result of Western Gate’s campaign in 2016 have driven an improved operational performance and good cash generation. However, shareholders continue to suffer from the Board’s (led by David Maloney) lack of clear growth strategy with no M&A completed in 2018 and weak Total Shareholder Return (“TSR”).

Specifically, Western Gate’s concerns, all of which have been left un-addressed following a meeting with the Chairman, are:

- The Company’s failure to articulate and execute a credible growth strategy with limited M&A
- Despite the low leverage ratio in the sector of x0.53 and good cash generation, the Company offers one of the lowest cash return to shareholders amongst its peers
- A continued underperforming share price down 18% and pitiful TSR down 16% from the beginning of January 2018 to date¹
- A slow and inadequate recovery of market share in Poland and declining market share in Italy and Czech Republic

In light of Stock Spirits’ cash generation and unconvincing growth strategy, Western Gate calls upon the Board to increase the dividend and or introduce a special dividend.

Western Gate has decided to bring the matter of removing the Chairman and SID directly to shareholders for their consideration. These roles are held by two entrenched Directors who have been on the Board since IPO, overseeing significant shareholder value destruction. The Board continues to suffer from insufficient diversity and fails to be adequately evaluated, with internal evaluations led by the Company Secretary, lacking objectivity and providing no real insight into the process or findings provided.

¹ 01 January 2018 to 22 January 2019

Western Gate will also be voting against resolution 18, which allows the Company to call general meetings at 14 days' notice, rather than the statutory 21 days. The Company states in its Notice of AGM that this resolution will increase 'flexibility', we on the other hand see this as an attempt to undermine shareholder rights at the very time they should be enhanced. We urge fellow shareholders to do likewise.

A spokesperson for Western Gate said:

“Stock Spirits needs to be run for the Company, its owners, not its managers. The Board, led by the Chairman, David Maloney continues to treat corporate governance as a box-ticking exercise whilst ignoring shareholders and over-seeing a culture of group think.

“In short, a vote against David Maloney and John Nicolson is a vote for higher cash returns and a more shareholder friendly Board focused on delivering a credible growth strategy. Indeed, a large protest vote against these directors should be taken as a mandate from shareholders for much needed change.”

Contact

Western Gate Private Investments Limited

www.westerngate.eu

Camarco (PR representatives for Western Gate)

Georgia Edmonds 020 3757 4986 / 07511 415 467 / georgia.edmonds@camarco.co.uk
Candice Adam 020 3781 8336 / 07771 906 073 / Candice.adam@camarco.co.uk
Billy Clegg 020 3757 4983 / 07977 578 153 / billy.clegg@camarco.co.uk
Tom Huddart 020 3757 4991 / 07967 521 573 / tom.huddart@camarco.co.uk

About Western Gate

Western Gate is the largest individual shareholder in Stock Spirits holding an interest in 10% of the Company's outstanding share capital. Western Gate is a long-term investor with a 10-year investment horizon and represent the private family office of Luis Amaral.